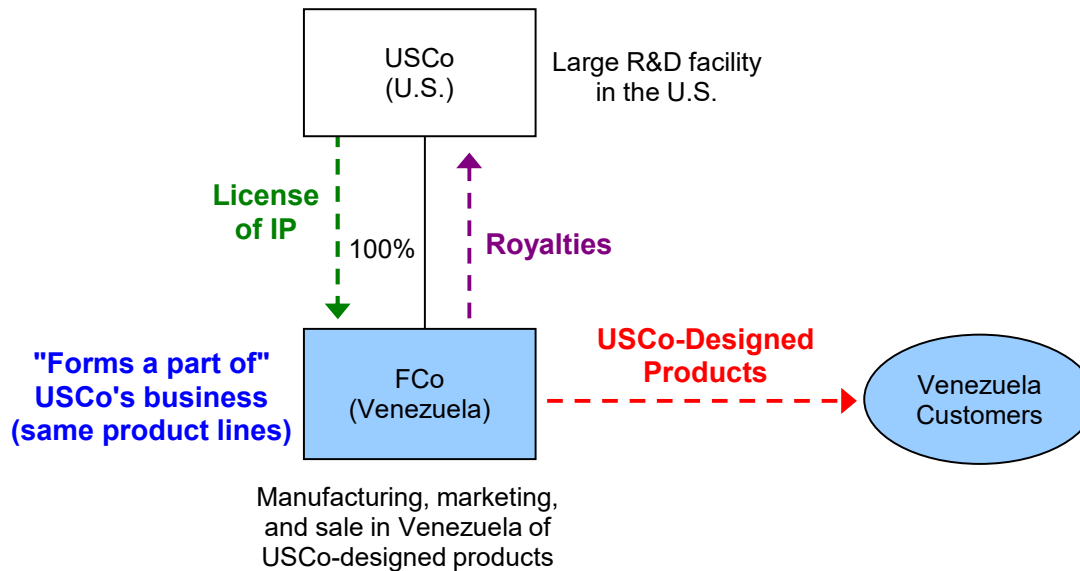


**Venezuela Treaty (1999)
Treasury Tech. Explan.,
Article 17, Paragraph 1,
Example 2**

**Venezuela Manufacturer
Activity "Forms a Part of"
U.S. R&D Activity**

Copyright © 2021 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com



USCo is a corporation resident in the United States. USCo owns 100 percent of the shares of FCo, a corporation resident in Venezuela. USCo operates a large research and development facility in the United States that licenses intellectual property to affiliates worldwide, including FCo. FCo and other USCo affiliates then manufacture and market the USCo-designed products in their respective markets. Since the activities conducted by FCo and USCo involve the same product lines, these activities are considered to form a part of the same trade or business.